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Poindexter Insists He Told the Truth; Inouye Doubtful

WASHINGTON — Rear Admiral John M. Poindexter insisted Tuesday that he had testified "accurately, truthfully, based on my best recollections" about the Iran-contra affair. But one senator said there was still "this gnawing question" about whether he has told everything he knows.

"He has made it very clear that he withheld information from the president," said Senator Daniel K. Inouye, Democrat of Hawaii, as Admiral Poindexter neared the end of five days of testimony before the House-Senate investigating committee.

"He has withheld information from the secretaries of state and defense, and even from William J. Casey, the late CIA director," Mr. Inouye said. "He also withheld information from Lieutenant Colonel Oliver L. North and obviously withheld information from the Congress."

"And therefore," Mr. Inouye said, "there is this gnawing question that all of us have: 'Is he withholding any information from us at this moment?'" Mr. Inouye is chairman of the Senate investigating committee.

Mr. Inouye made his comments in a television interview during a break in the hearings.

Admiral Poindexter resigned as

Greenspan Assures Congress Pledges to Resist Outside Pressure, Fight Inflation

WASHINGTON Post Service
WASHINGTON — Alan Greenspan, President Ronald Reagan's nominee for chairman of the Federal Reserve Board, said Tuesday at his confirmation hearings that he would guard the independence of the central bank and reject any "pressure" from the White House or Congress aimed at influencing monetary policy.

When asked by Senator Donald W. Riegle Jr., Democrat of Michigan, if he could pursue a tight monetary policy this fall even if that might not fit with the Reagan administration's political goals, Mr. Greenspan told the Senate Banking Committee:

"Certainly. If the Senate confirms me, I will take an oath of office. And I take that oath seriously. My advice and actions may turn out to be wrong, but that certainly won't be because of political reasons."

Some critics of Mr. Greenspan's nomination have said he would find it difficult to resist pressure from the White House to keep interest rates low in order to spur economic growth, even if such a move risked higher inflation.

Mr. Volcker, meanwhile, in parting testimony after eight years at the helm of the central bank, pointed to encouraging signs in the U.S. economy, especially progress in reducing the nation's trade and budget deficits.

But Mr. Volcker, the chief architect of successful efforts to curb the rampant inflation that existed during the late 1970s, also warned a House subcommittee of the dangers of allowing inflation to re-ignite.

Mr. Greenspan echoed that view in simultaneous testimony before the Senate Banking Committee, saying he viewed the Fed's primary role as "achieving stable, maximum economic growth" without "letting the inflation genie out of the bottle."

He said that the policies set by Mr. Volcker, who is scheduled to leave office Aug. 6, were "essentially on target" and expressed a determination to "follow" in his "footsteps."

Mr. Greenspan, a conservative economist, served as chairman of the Council of Economic Advisors from 1974-77 under the administration of President Gerald R. Ford.

He offered a generally optimistic view of global economic conditions. He said that the Third World debt situation "has improved quite dramatically" since 1982. "I hope we don't throw in the sponge too prematurely. The current course is slow, but working."

He also said that the nation's

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Tension Mounts for France in Lebanon

A French soldier wearing a flak jacket at his post inside the compound of the French Embassy in Beirut. Security measures at the mission have been tightened after the breaking of France's diplomatic relations with Iran. Thousands of pro-Iranian Moslem fundamentalists vowed to use terrorism against France during a rally on Tuesday in the eastern Lebanese town of Baalbek. Page 6

2 Kuwaiti Ships Flying U.S. Flag; Escorts Readied

KUWAIT — U.S. flags were hoisted above two Kuwaiti tankers on Tuesday as the United States completed final preparations for naval escorts of vessels in the Gulf.

As U.S. ships prepared a protective convoy for the ships, the Soviet Union again proposed talks with the United States about the situation in the Gulf, but the proposal was rejected by Washington.

The U.S. flags were first raised on the Bridgeton, formerly known as the Al Rakkah, a 210,000-ton supertanker. A dozen people, all of them members of the ship's crew or its new owners, watched as the small U.S. flag was exchanged moments later for a larger, easier-to-see American flag.

The flag ceremony was witnessed by a special party of American reporters brought to the Gulf by the Pentagon late last week to monitor President Ronald Reagan's policy of bringing 11 Kuwaiti tankers under U.S. naval protection.

The American flag was raised on the second ship, the Gas Prince, after the Kuwaiti standard was lowered, according to the reports. The Gas Prince is a 43,604-ton gas carrier.

The two ships are among 11 Kuwaiti tankers that will carry U.S. captains and flags in a policy decision that has been criticized in Congress as having the potential for dragging the United States directly into the seven-year war between Iran and Iraq.

A flotilla of missile-armed U.S. warships was poised near the mouth of the Gulf to escort the two tankers.

U.S. officials in Washington said the Bridgeton and the Gas Prince would sail late Tuesday or early Wednesday on their three-day, 500-mile (800-kilometer) voyage to pick up crude oil at Kuwait's al-Ahmadi oil terminal in the northern end of the Gulf.

Iran has vowed to continue attacking vessels trading with Kuwait, whatever flag they fly, if Iraqi planes go on attacking Iranian tankers.

Tehran has deployed Chinese-made anti-ship missiles along the northern shore of the Strait of Hormuz, the gateway to the Gulf.

Shipping sources in Fujairah, in the United Arab Emirates, speaking on the condition that they not be named, told The Associated Press that the vessels might position themselves Tuesday to pass through the strait in daylight.

Once in the Gulf, the Bridgeton and the Gas Prince may have to run a gauntlet of Iranian gunboats, helicopter gunships, fighter-bombers and Revolutionary Guards in speedboats who have ambushed a dozen merchant ships in recent weeks.

The White House announced the decision to turn down a Soviet proposal for talks on the Gulf. Martin Fitzwater, the White House spokesman, said the Reagan administration believed the UN Security Council was "the proper forum" for dealing with the Gulf conflict.

In Moscow, the Foreign Ministry spokesman, Boris D. Fyadyshev, said earlier that Mikhail S. Gorbachev, the Soviet leader, had sent a letter to Mr. Reagan saying the two superpowers had good prospects for cooperation in the area.

"The message says that some statements by the U.S. administration seem to be evidence of the American side's interest in connection with Soviet proposals on the Gulf," Mr. Fyadyshev said at a briefing.

"If this is a correct impression," he added, "then we would be prepared to discuss this issue with the United States more specifically in any format that is convenient for the president."

Mr. Fitzwater said that Mr. Gorbachev's letter, received Friday, was in reply to a letter that Mr. Reagan had sent to members of the UN Security Council urging support for a resolution seeking an end to the war.

The spokesman said Mr. Gorbachev's reply dealt primarily with the Gulf and was "generally positive."

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Klosk Britain Expels Bulgaria Envoy

LONDON (Reuters) — Britain said Tuesday that it is expelling Bulgaria's military attaché for activities incompatible with his diplomatic status, a phrase normally used to indicate spying.

A brief Foreign Office statement said that Colonel Ivan Pavlov Djambor, Bulgaria's only military attaché at the 17-member mission, had been "detected" while engaged in activities that were deemed to be espionage.

The last incident involving Bulgarian-British relations occurred in 1978, when a disident Bulgarian author, Georgi Markov, died after he was jabbed at a London bus stop with an umbrella that had a poisoned tip. Although no one was charged, it was widely believed among Western diplomatic sources that Bulgarian security services were behind the killing.



Ivan Pavlov Djambor

GENERAL NEWS
■ A new TOW missile can defeat Soviet tank armor, the Pentagon announces. Page 2

BUSINESS/FINANCE
■ British Petroleum, heavily in debt from its purchase of Standard Oil, will raise \$1.5 billion in a stock issue. Page 9

DOE CLOSE: DOWN 19.77
The dollar in New York:
DM £ Yen FF
LS85 1.6025 151.75 6.1825

Panel Report Is Unlikely to Fault Reagan

WASHINGTON — Leaders of the Senate panel investigating the Iran-contra affair say they expect that the panel's final report will not include a criticism of President Ronald Reagan's role.

Senator Daniel K. Inouye, Democrat of Hawaii and chairman of the panel, said "We may say he didn't have the most prudent, but I don't think we will say he was guilty of malfeasance or nonfeasance."

Mr. Inouye said the committee report would avoid such judgments because "whenever our president is weakened and our country divided, our adversary takes advantage."

Senator Warren B. Rudman, Republican of New Hampshire, the committee vice chairman, said he felt Mr. Reagan's role was "largely a political question, and I'm not sure the committee has to judge how the president managed this event or that." He added: "We'll make some observations, but I don't expect the report to be highly critical because the facts speak for themselves."

The two senators said during the midday break in the hearings Monday that staff work on the report had begun, even though several important witnesses had yet to be heard. They predicted it would offer suggestions for improvements in National Security Council operations and perhaps endorse the creation of a single congressional committee to monitor intelligence agencies and covert operations.

But they knocked down the idea that the report would assess Mr. Reagan's responsibility for the affair or even go as far as the earlier Tower commission, appointed by Mr. Reagan, did in criticizing what it called the president's "management style."

"[Their] comments came as the congressional panels laid out a tentative schedule for the final round of witnesses. Vice Admiral John M. Poindexter, the former national security adviser, was expected to conclude his testimony Tuesday. The committee will not meet Wednesday.

[Admiral Poindexter is to be followed Thursday by Secretary of State

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Afghan Leader Says Soviet Pullout May Begin When 'Aggression' Stops

MOSCOW — Major General Najib, the Afghan leader, said Tuesday that a withdrawal of Soviet troops from his country could only begin when all "outside aggression" had halted and Kabul was given firm guarantees that it would not resume.

General Najib made his comments after talks Monday with the Soviet leader, Mikhail S. Gorbachev.

His remarks, analysts said, indicated that he and Moscow would continue to insist that Moslem guerrillas fighting his administration lay down their arms before there can be a political settlement in Afghanistan.

This would suggest that hopes are dwindling in Kabul and Moscow that any firm agreement on a proposed withdrawal of the estimated 115,000 Soviet troops in Afghanistan can be reached at talks in Geneva.

The talks, involving Afghanistan and Pakistan, are being mediated by the United Nations.

After the meeting Monday with Mr. Gorbachev, according to an official Soviet report, they agreed that Kabul's policy of national reconciliation should be pursued.

"A timetable for the withdrawal of Soviet forces can only be decided after the outside interference sponsored by the U.S. and its NATO allies is ended and there are firm guarantees that it will not be resumed," the Afghan leader said.

General Najib's talks with Mr. Gorbachev follow reports of intensified fighting in Afghanistan in which Soviet and Afghan forces have suffered increasing losses.

They have been especially hard hit this year by the rebels' use of



President Najib speaking on Tuesday in Moscow.

U.S. Stinger anti-aircraft missiles. Previously, Soviet forces had reduced their casualties by depending on air power.

The Kabul authorities have consistently contended that the Moslem guerrillas are simply bandits who could not survive if they were not supported by the West in using an "undeclared war" on Afghanistan.

But there had been indications over recent months, including a cease-fire declaration, that Moscow and Kabul might be moving toward accepting a timetable allowing a phased Soviet pullout linked to reduced rebel activities.

General Najib contended Tuesday that his administration had made major advances with its national reconciliation policy, proclaimed last January, and said about 15,000 rebels had come over to the government side recently.

He reaffirmed an offer made in a speech in Kabul last week to include representatives of groups currently opposing his administration in a new coalition government. The coalition would be under a revised constitution that is now being debated.

Rebel leaders based in Pakistan have already rejected General Najib's offer of cabinet posts, which excludes the important interior, defense and foreign ministries.

U.S. and Soviet Disagree On How to Revive Talks

WASHINGTON Post Service
MOSCOW — U.S. and Soviet officials now agree that negotiations in Geneva on a medium-range missile accord have stalled in recent weeks, but they disagree over who is to blame and what should be done to revive momentum toward an agreement that could pave the way to a superpower summit meeting.

Significantly, Soviet sources in Moscow portray the Geneva talks to eliminate U.S. and Soviet missiles from Europe as already having resolved the most important military details. They assert that the last few snags are "artificial" and

could quickly be cleared away if the Reagan administration would show the political will to do so.

The key to the Soviet approach seems to be a new willingness by the Kremlin to wait out the White House. Tactically, this approach would appear to leave the Soviet side well positioned to force Washington to make the remaining concessions that would seal the accord.

U.S. officials assert that Moscow has suddenly and inexplicably called a halt to significant progress in the negotiations. They cite a slowdown at the Geneva talks and the absence of any response to invitations for the Soviet foreign minister

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SCUFFLE IN JOHANNESBURG — South African police removing a student demonstrator at the airport Tuesday as a delegation of dissident Afrikaners returned from meetings in Senegal with the outlawed African National Congress. Page 2.

Lively Tel Aviv Lures Young Jerusalemites

By Thomas L. Friedman
New York Times Service
TEL AVIV — Languid residents of this city like to say that the best thing about Jerusalem is the road to Tel Aviv.

And in the last few years, more and more young, secular and educated Jerusalemites seem to have begun to share that view.

Thousands of young nonreligious Israelis have migrated down the mountains from the holy city of Jerusalem to freewheeling and proudly secular Tel Aviv.

They say they were stifled by what they describe as Jerusalem's limited job opportunities and its Orthodox population, which makes up about one-third of the city's 330,000 Jewish inhabitants and is growing at the fastest rate in the city.

Erez Shachar, 25, was born and raised in Jerusalem, but after spending three years abroad he returned and found that he could no longer call Jerusalem home. He said Jerusalem and Tel Aviv were separated by a 45-minute drive and a 2,000-year-old state of mind.

"It was the atmosphere more than anything that put me off," Mr. Shachar said. "I feel choked in Jerusalem. I walk down the streets and see all the people dressed in black coats and I feel that I am in a religious city."

Because of the power of the deeply religious Orthodox population in Jerusalem, virtually no movie theaters or restaurants are allowed to open on Friday nights or until the sabbath is over on Saturday, which can be as late as 9 P.M., leaving precious little weekend. But many Tel Aviv residents go to discotheques every night until dawn.

"It is just not a young atmosphere in Jerusalem," said Mr. Shachar, who works at a computer company while studying at Tel Aviv University.

"In Tel Aviv," he said, "the nightlife is great. The beach is beautiful. Jerusalem is a dead city."

The Orthodox population in Jerusalem is expanding from its traditional neighborhoods

See TEL AVIV, Page 6

its history and religious traditions, is stronger than the people who live there. You live in Jerusalem on its terms. Tel Aviv reflects whatever the Israeli mood is at the time."

Mr. Chafetz added: "Twenty years ago, when I was a student in Jerusalem, there was an advertisement in the newspaper that Coca-Cola had come to Israel. So I went down to a supermarket and asked the lady for a Coke. She said, 'Sorry, it has not arrived in Jerusalem yet — only in Tel Aviv.'"

"She could see that I looked really disappointed, so to cheer me up she said, 'But don't worry, when the Messiah comes he'll come to Jerusalem first.' That sums it up: In Jerusalem they get the Messiah, but in Tel Aviv we get the Coke."

Erez Shachar, 25, was born and raised in Jerusalem, but after spending three years abroad he returned and found that he could no longer call Jerusalem home. He said Jerusalem and Tel Aviv were separated by a 45-minute drive and a 2,000-year-old state of mind.

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Democrats Should Focus On Economy, Leaders Say

By Paul Taylor and David S. Broder Washington Post Service CLEVELAND — State chairmen of the Democratic Party say their candidates for the 1988 presidential race would be better off focusing on voters' concerns about the nation's economic future than on the Iran-contra affair.

AMERICAN TOPICS

Attacks by Pit Bulls Stir Clamor for Laws

Many cities and states, prompted by reports of pit bull attacks on people, are moving to ban or regulate the dogs. The New York Times reports. Officials who work with animals say it is the heaviest legal assault on a specific breed they can recall.



ERSATZ HEMINGWAY — Jack Waterbury, 57, of Key West, Florida, held up a mackerel and a barracuda that he caught after winning an Ernest Hemingway look-alike contest last weekend in Key West. The contest was held at a bar frequented by the writer.

2-Tier Wage Scales Under Pressure in U.S.

Airlines, Other Industries Confront Resentment and Declining Performance.

By Agis Salpukas New York Times Service NEW YORK — In 1983, when American Airlines instituted a wage scale for newly hired workers that was lower than that for other employees, executives at other airlines and in other industries thought it was a great idea. They reasoned that by taking the same approach they would be able to reduce their labor costs significantly without having to fight for major concessions from longer-term workers and their unions.

or about 20 percent of its unionized workforce, on its lower pay scale. Labor costs have dropped to 30 percent of operating costs, from 38 percent in 1983. That is still higher than costs at such nonunion carriers as Continental, where labor makes up about 25 percent of operating costs.

Short Takes

Of the more than 400 native languages spoken in North America before the Europeans arrived, half have disappeared. A few are thriving, including Navajo, Eskimo and Chippewa. Many others are endangered, like Apache, with only a dozen speakers still living.

member, "and our generation can listen in."

The winning side actually gets an average of 71 cents for each dollar awarded by juries, according to a study by Rand Corp., a California think tank. It said the bigger the verdict, the likelier its reduction as a result of post-trial motions, appeals or negotiation.

transit-rebuilding program, said the subways averaged 3,661,000 weekday riders at \$1 a fare through May, up 3.4 percent from a year earlier.

A smaller proportion of Americans are going on picnics. In 1965, 60 percent of the people surveyed by the University of Maryland said they had picnicked in the preceding year. In 1982 and 1983, only 48 percent of those surveyed had done so.

Japan Signs Pact to Join U.S. in SDI Research

WASHINGTON — The United States and Japan signed an agreement on Tuesday, with secret protocols, for Japan to participate in research on the U.S. anti-missile defense system, the Pentagon said.

While in Madrid Remember... GRASSY

Advertisement for EDWARD JEWELS featuring a Piaget Polo watch. Text includes 'While in Madrid Remember... GRASSY' and 'Jewels-Works of Art-Watches'.

Soviet Embassy Refuses Tokyo Police Access to Envoy in Technology Probe

TOKYO — The Soviet Embassy here rejected on Tuesday a Japanese request that one of its diplomats submit to police questioning about the possibility that aircraft computer technology was illegally transferred from Japan to the Soviet Union.

Further Resignation

Shoichi Saba, who resigned earlier this month as chairman of Toshiba Corp. to take responsibility for the sale to the Soviet Union, has also stepped down as chairman of the Electronic Industries Association of Japan, the Associated Press reported Tuesday from Tokyo.

Israel Overseas Radio Cut Off

JERUSALEM — Israeli overseas radio broadcast went off the air Tuesday for the first time for 12 years because of a 24-hour strike by journalists demanding more pay.

U.S. Gun Lobby Wants Its Own Patron Saint

WASHINGTON — John M. Snyder, the chief lobbyist for the Citizens Committee for the Right to Keep and Bear Arms, normally spends his time lobbying members of Congress about guns. But lately he has turned toward Rome.

Herald Tribune

Advertisement for the Herald Tribune newspaper, featuring a photo of a man and text about 'The Inflight Newspaper is available on all Air Inter flights.'

747 Almost Touched Down Without Wheels

LONDON — Trans World Airlines is investigating a pilot's failure to put down the wheels of a jumbo jet until an air controller radioed a warning less than a minute before the plane was to land, officials said.

Vote Against Toshiba

A House subcommittee of the U.S. House of Representatives voted unanimously Tuesday to bar Toshiba Corp. products from shops on U.S. military bases, in retaliation for Toshiba Machine Co.'s sale to Moscow, United Press International reported from Washington.

And other problems has been plaguing Delta Air Lines, the focus of a special U.S. government inspection.

In the past three weeks, Delta planes have caused at least two near-collisions with other aircraft, landed on the wrong runway, landed at the wrong airport and come perilously close to crashing into the Pacific Ocean because of a pilot's mistake.

Advertisement for Beekeeper Martini. Text: 'THE BEST OF TASTE: MIX A BEEFEATER MARTINI'. Includes an image of a martini glass and a bottle of Beekeeper gin.

Advertisement for AIR INTER airlines. Text: 'As part of its inflight service, Air Inter distributes the International Herald Tribune...'. Includes the AIR INTER logo.

Herald Tribune

Getting to the Source

Senator Orrin Hatch of Utah elicited from Rear Admiral John Poindexter on Monday a statement that the decision to explore an opening to Iran 1) was the president's and 2) was the product of serious study and review.

Reflag the Satellites?

With the space shuttle grounded, so are many American space cargoes. Into the vacuum created by NASA's mismanagement the Soviet Union has now stepped with an offer to launch American communications satellites at cut-rate prices.

Other Comment

Against the Fear Iran Inspires

Ought America to undertake the risks attendant on naval intervention in the Gulf for what may prove at best a purely symbolic victory? If the conveying succeeds, the benefits that accrue may prove very large.

Portugal Votes for Stability

Just over half the Portuguese who voted last year support the center-right Social Democrats led by Anibal Cavaco Silva.

such an exchange suggests that he came to understand the futility of this exercise. The United States was not able to make a good test of the broader purpose of the Iran opening, to explore avenues for moderating Iranian policy.

American space users the benefit of so cheap a service. The Russians could probably learn little of value from launching American communications satellites.

remarkable victory. But although he certainly deserved credit for restoring the confidence of investors in Portugal during his term as prime minister, the rapid expansion of the economy during the last 18 months also owes much to a fall in the value of the dollar and of oil.

Colorful, but Darning

Among the many witnesses expected to testify during the hearings into the Iran-contra arms scandal, Robert Owen was not initially regarded as a major actor.

Turn Left Off Wall Street Into Red Square

By Charles McC. Mathias Jr.

WASHINGTON — "When you live among wolves, you must howl like a wolf," Lenin wrote in 1921, justifying business partnerships with the "imperialist bandits" of the West as indispensable to Russia's economic resurrection.

The government realizes that it is not efficient for the Soviet Union to produce everything. It would make more sense to have some imports that can be more economically produced elsewhere.



A U.S. Negotiator: Has Gorbachev Changed His Mind?

By Max M. Kampelman

The writer, a counselor to the State Department, is head of the U.S. delegation to the Geneva negotiations on nuclear and space weapons.

WASHINGTON — In recent days, Soviet officials, most notably his Geneva counterpart, Yuli M. Vorontsov, have accused the United States of erecting last-minute obstacles to an agreement on intermediate-range nuclear forces, or INF.

NATO is trying to undermine an INF agreement, by modernizing its remaining nuclear stockpile and by linking INF to battlefield nuclear weapons and conventional forces.

Moscow inexplicably has begun dragging its feet. The problems remaining in Geneva can be solved, but only if the Soviet side gets back to business.

For Kuwait to Lower Its Flag Is a Blow to the Arab Spirit

IF many Americans are wary of seeing their flag go up over Kuwaiti oil tankers in the Gulf, many Arabs are equally uncomfortable about seeing the flag of a sovereign Arab state go down.

One must ask, who is erecting last-minute obstacles to agreement? Another Soviet "obstacle" concerns the matter of conversion — physically changing a missile limited by a treaty to another type of missile.

A third "obstacle" concerns location: where the United States would be allowed to deploy its remaining 100 long-range INF missiles after the conclusion of a treaty (assuming we do not go down to zero).

domestic and foreign markets. At present, the Soviets are using much of their convertible currency to buy equipment. Their goal is eventually to produce such equipment themselves and reduce the drain on foreign exchange.

With regard to the former, NATO decided in 1983 to reduce unilaterally its stockpile of nuclear weapons in Europe to 4,600, the lowest level the Reykjavik guidelines, and we continue to push ahead as our two sides work to complete a joint treaty text.

IN OUR PAGES, 75 AND 50 YEARS AGO 1912: Torture Described SEUL — Vivid descriptions of the tortures, alleged to have been employed by Japanese officials to extort confessions implicating the American missionaries as instigators or accessories in the alleged plot against the Crown Prince's life.

The Contras Will Come To Nothing

By William Pfaff

PARIS — It is not only the generals who are a war behind. Officials, politicians, and policy makers just as often are trying to overcome their long ago lost. Exactly this is behind the Iran-contra affair.

The CIA officer who was started after World War II, says, "Bill Casey's problem was that the CIA was not the OSS." The wartime Office of Strategic Services fought with moral and political choices were plain and Americans had no doubt about their cause.

1937: Guet of Hitler BERLIN — Chancellor Adolf Hitler combined a veiled gibe with a friendly gesture towards Soviet Russia when Konstantin Yurenev, now Soviet Ambassador to Germany, presented his credentials in a ceremony at the Führer's mountain chalet at Berchtesgaden on July 21.

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OPINION

Buried Alive on This Rock Where Tourists Now Shuffle

By George F. Will

ALCATRAZ ISLAND—Across the cold water with the killing current, somewhere in San Francisco Bay, an 82-year-old man who in 1934 arrived by railroad car at this rock in San Francisco Bay. He was chained to other convicts, including Al Capone. They had crossed the United States in barred railroad cars that were put on a barge and floated out to Alcatraz.

Hard men were made to suffer because they had made others suffer.

Thus was Alcatraz theatrically inaugurated as a federal "correctional facility." But it was one that had nothing to do with correction. It had much to do with the glorification of J. Edgar Hoover, who understood that when wind through the prison's crevices, all provide a surreal sound track for a movie without movement, confinement with no purpose other than confinement, a torture of unrelieved sameness. Alcatraz was closed in 1963, just as increasing crime was stimulating Americans' impatience with rehabilitation as an aspiration. When Attorney General Robert Kennedy closed Alcatraz, he cited its high cost per prisoner, and its emphasis on retribution rather than rehabilitation. But the fact that the closing pained J. Edgar Hoover probably pleased Mr. Kennedy.



The Reviewer You Read Is Badly Read

By Richard Eder

LOS ANGELES—After having been for a good part of my life a well read person, I am now a badly read person. This would not be much to announce except that the change took place five years ago and coincided with my becoming a book critic.

Answering "I don't know" on a daily basis does little for one's self-esteem. Ask someone who has spent a life as a professional fisherman if he doesn't get sick of catching fish and the answer is likely to be, "It's the fish I don't catch that sicken me." Well, my catch is the

MEANWHILE

books that pour in, 50 or 60 each week. This is not in itself a major problem, except physically. Still, publishers seem to have discarded their more impregnable and life-threatening forms of packaging, and a couple of libraries are happy to cart away the gross accumulations. In fact, it is no real pain but something of a relief to open a package and find things that make no conceivable demands, such as the following:

China's Record With Foreign Investors Is Not That Bad

Regarding the report "China Milking Foreign Investors, Study Asserts" (June 18) by Edward A. Gargan: This article accurately summarizes the problems facing foreign investors as detailed in our background report for a conference of Chinese officials and multinational companies. Yet it leaves a misleading impression by failing to mention other sections of the report that point out the substantial progress China has made since 1979 in creating an attractive investment environment and the improvements being made by Beijing.

Not for the Fainthearted

Congratulations on a wonderful prospecting on your July 4 opinion page. At the top of the page was "A Soviet Remedy: 'Only the Marketplace,'" by Nikolay Streltsov, a Russian economist preaching openness, democracy and the benefits of the market to the Soviet Union; at the bottom was "Exchange Programs With the Russians Are Traps," in which Richard Perle preached the need for secrecy and central control over U.S. market forces.

West Germans too young to remember a unified Germany, even this excuse no longer holds much water. The article was valuable, nonetheless, for it demonstrates that whenever France feels economically or socially threatened, there are always politicians ready to wave the threat of a reunified Germany at the rest of Europe. It is an old threat and was once potent; but in the context of the modern, integrated Europe it is an impossible dream.

LETTERS TO THE EDITOR

Germans and Renunciation

Regarding the opinion column "Now Comes a German Swing to the East," (July 8) by Michel Jobert: Mr. Jobert declares that both French and Germans have protested that "I didn't know what I was talking about" in suggesting that a reunification of Germany was a real possibility in the future.

Mr. Jobert unfortunately misses the underlying dynamic in West Germany. The search for unity is not the driving force; above all, economic realpolitik is what motivates the intensifying relationship with the Soviet Union.

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ARTS / LEISURE

Brave Shows From the RSC



A Frankfurt dancer performing "Artifact."

Forsythe: Ballet Sound and Flurry

By Anna Kisselgoff

New York Times Service
NEW YORK — The rule of thumb is that a choreographer works best with his own company, the dancers with whom he is most familiar. There is no reason to doubt that the rule holds true as well for William Forsythe and the Frankfurt Ballet, the West German company headed by the American choreographer since 1984.

Nonetheless, one doesn't regret having seen the works produced by Forsythe in his freelance days during the early 1980s, most notably "Time Cycle," "Love Songs" and "Say Bye-bye."

The male-female violence has been sublimated into screamings of philosophical themes.

When it rises, the dancers have re-grouped (this occurs several times). The music continues, and the viewer has filled in the lacuna with an afterimage that Forsythe demolishes when the curtain goes up again within the minute. The dancers have regrouped and the stage picture has changed.

man with a bullhorn and a woman in an Elizabethan gown, wander through most of the production. The difficulty with "Artifact" is the proportion of spoken text in relation to the danced passages.

And so, the supposed nonsense of the text spoken by the actors begins to make sense. The talk is of "stepping inside" or "outside," of "remembering" and "forgetting," of seeing what you think you see and so on. One doubts one's ability to perceive; the theme of the work is epitomized in the fragmentation of its four sections. In its aggressive tone toward the audience, the ballet makes the point it discusses.

series of freestanding panels with drawings fall. Each time, a woman is revealed behind, and we begin to doubt whether we are seeing the same woman or three.

In a conversation last January, Forsythe said he had been reading Michel Foucault's "Archaeology of Knowledge" while working on "Artifact." He was interested, he said, in how architecture conceals (much of the dancing here is in an obscure light, with the performers barely visible).

By Sheridan Morley

BESET by a million-pound deficit (about \$1.6 million), the Royal Shakespeare Company is commendably determined not to let it show. Within the past few days they have opened major new productions on two stages in London and one in Stratford, which brings their total up to almost 50 in nine theaters during the current season.

THE BRITISH STAGE

The RSC openings give some idea of the range of their ambitions and also suggest some of the problems that come with them. At Stratford there's a "Jew of Malta" on the Swan stage which is a constant delight but begs to be efficiently cross-cast with the Antony Sher "Merchant of Venice."

There also seems to be a central uncertainty in Ron Daniels's production about whether we are into showbiz nostalgia or social realism. McCoy's novel was about the unacceptable face of mass entertainment in a depression; it was about the ghoulish audiences and the corrupt managers as well as the desolate hopefuls who danced on, in literally blistering pain, towards the elusive dream of a place in the Hollywood sun.

At Stratford, Barry Kyle's rich and rare revival of "The Jew of Malta" builds to a marvelously bloody and smoky conclusion, winding its jovial way through a Machiavellian plot of corrupt evil as the title character lurches from political intrigue to mass murder before finally being burnt alive in the pit he has himself dug out of a determination to destroy all other characters and religions in his path. Whether poisoning an entire convent or merely arranging for the conflagration of the Turkish Army, Alun Armstrong's Barabas is a caricature of racial intolerance and an assembly of apparently upright Maltese knights who turn out at the last to be even more corrupt than the Jew himself.

set against a joltily nudging series of confrontations at which Turkish delight is served to the Turks while modern-dressed paratroopers storm the barricades. True, Christopher Marlowe was no Shakespeare, and his play is forever falling apart at the seams, only to have to be kicked back to life by some new and still more devilish villainy. Yet a company of rampaging monks and doomed nuns manage to keep a ramshackle plot moving swiftly enough, and the result is a memorably black farce in which greed and revenge are raised to the level of a national pastime. Unlike "The Merchant of Venice," "The Jew of Malta" (written about eight years earlier in 1592) is a celebration of sheer and total evil in utter confusion, and the joy with which the Swan company falls on it suggests that they should soon maybe cross the road to the Other Place and start on a Joe Orton season as well.

Back in London, the Hampstead Theatre has a new play by David Edgar called "That Summer" and concerned with the 1984 miners' strike or rather its effect on one married couple, and his second Oxford history don and his second wife, who decide to invite two miners' daughters to spend a holiday with them. The girls fail to conform to the don's preconceived notions of working-class behavior in a crisis and he gradually retreats into a lost world of Orwell and the Spanish civil war. Though inclined to get a little repetitive after the interval, Edgar's writing has a kind of elegant exhaustion which is perfectly mirrored by most of the performances in Michael Attenborough's production, notably Oliver Conon as the don and Caroline Berry and Catherine Tregenna as the teenage girls whose agonies of embarrassment have to do with a generation-gap realization that trendy parental relies from the 1960s are unlikely to solve a national crisis 20 years on. This is the most literate and coherent play yet to emerge from that all-changing strike.

Advertisement for gin featuring a bottle of gin, a glass, and a crossword puzzle. Text: 'THERE'S ONLY ONE GIN FOR THE WELL-INFORMED.'

Dressed For Mini Success

By Michael Gross

New York Times Service
NEW YORK — As they try on short skirts for the first time in years, working women are asking themselves hard questions. First, about how they look, next about how and where to wear them.



Lanvin-minis on the runway.

place. "When a woman is out with her husband or beau, that's one thing, but in the office she must control how she is perceived," said Letitia Baldrige, author of "Letitia Baldrige's Complete Guide to Executive Manners."

Helen Gurley Brown, the editor of Cosmopolitan magazine. "If you don't want that attention, get those hems back down."

DOONESBURY

Four panels of the comic strip Doonesbury. Panel 1: 'ABU! KID! ENOUGH WITH THE TERMS! LET'S TALK VENUE!' Panel 2: 'OUR BOY WAS A BOXER AT ANAPOLIS! CAN YOU NOW ABOUT PUGIL STICKS? NO? SMALL ARMS?' Panel 3: 'WHY? NO WAY, KID! THERE'S NOT A ROOM IN VEGAS COULD HANDLE IT... ABU? ABU? ABU? LBSB... LISB...' Panel 4: 'OKAY, CAR BOMBS IT IS! BUT YOU OWE ME ONE, BABE!'

Many women said that when they wear miniskirts, situations that were once mundane become charged. For Lynn Snowdon, a staff writer for Spy magazine, stairs and escalators have become sources of anxiety. "You're always wondering what people behind you can see," she said. "You can't get too far ahead." She also worries about ladders and wind.

Dining Out guide for Paris. Listings include: KITTY O'SHEA'S PUB, JOHN JAMESON, RAFFATIN & HONORINE, THOUMBLEUX, LE JARDIN VIOLET, PRUNIER TRAKTIR, LE PRESBOURG, LE BOUDDHA D'OR, and THE YANIG.

On-the-spot reports of an era of great inventions and remarkable people

Advertisement for 'THE BELLE EPOQUE' book. Includes an image of the book cover and a newspaper clipping. Text: 'IHT journalist Hebe Dorsey, fascinated by the Belle Epoque, has compiled a book that is a veritable open window on that extravagant period.'

Advertisement for 'THE BELLE EPOQUE' book. Text: 'THE BELLE EPOQUE in THE PARIS HERALD International Herald Tribune, Book Division, 181 Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France.'

NYSE Most Actives
Table with columns: Vol., High, Low, Last, Chg.
Rows: AT&T, Pepsico, Johnson & Johnson, etc.

Market Sales
Table with columns: NYSE 4 a.m. volume, NYSE prev. close, Amex 4 p.m. volume, etc.

NYSE Index
Table with columns: High, Low, Close, Chge.
Rows: Composite, Industrials, Finance, etc.

Today's NYSE Closing
Via The Associated Press

AMEX Diary
Table with columns: Adv. Declines, Total Issues, New Highs, etc.

NASDAQ Index
Table with columns: Composite, Finance, Insurance, etc.

AMEX Most Active
Table with columns: Vol., High, Low, Last, Chg.

NYSE Most Active (continued)
Table listing top trading volumes with columns: Vol., High, Low, Last, Chg.

NYSE Diary (continued)
Table with columns: Adv. Declines, Total Issues, etc.

Odd-Lot Trading in N.Y.
Table with columns: Buy, Sell, 3000, 1000, etc.

Dow Jones Averages
Table with columns: Open, High, Low, Last, Chg.
Rows: Industrials, Trans. Utilities, Total Issues, etc.

Standard & Poor's Index
Table with columns: High, Low, Close, Chge.
Rows: Industrials, Trans. Utilities, Total Issues, etc.

NASDAQ Diary
Table with columns: Adv. Declines, Total Issues, etc.

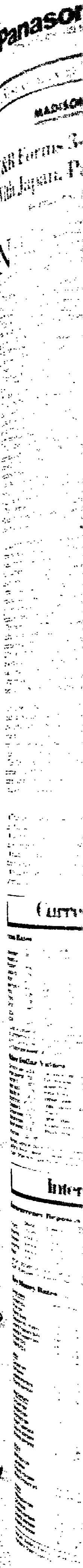
AMEX Stock Index
Table with columns: High, Low, Close, Chge.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Falls in Nervous Trading

NEW YORK — Prices on the New York Stock Exchange closed broadly lower Tuesday in active trading after bond and dollar weakness turned nervous investors into sellers. Future-linked selling exacerbated the losses. The Dow slid 19.77 to 2,467.95. In early afternoon trading, it had been posting a gain. Declines outpaced advances by about 11.5. Volume was about 186.57 million shares, up from 168.14 million Monday. The market opened broadly higher, but blue-chips soon pushed into the plus column and stayed there, posting modest gains, through early afternoon. Meanwhile, bond prices opened lower while the dollar, by early afternoon, was mixed. A rumor that the government would report a sharp rise in June consumer prices on Wednesday set off a midafternoon wave of selling in the bond market, as well as selling of the dollar in currency markets. Stocks followed suit, and futures-linked selling drove the Dow down more than 30 points before the blue-chip barometer cut its loss by about one-third. Economists have estimated that consumer prices rose between 0.3 percent and 0.4 percent in June. But Trude Latimer, an analyst at Josephthal & Co., said that Tuesday's decline would definitely add to investors' nervousness. "Everyone expects a pullback and the mindset is for the market to go lower," Ms. Latimer said. She said that selling could accelerate Wednesday and that the Dow could retreat to the 2,400 area. Edward Shopkorn, partner in charge of institutional equities at Mabon Nugent & Co., said that the market still has "a good foundation but is waiting for the next piece of good news to move forward." He said that government reports this week on consumer prices and gross national product would have a "direct bearing" on the market, outgoing before congressional panels of testimony. Federal Reserve Board chairman, Paul A. Volcker, and his probable successor, Alan Greenspan, both said that restraining inflation remained central to the Fed's concerns. "The general feeling on Wall Street is that Greenspan's monetary policies will be similar to Volcker's and that there really is not a lot to worry about," Mr. Shopkorn said. AT&T was the most active NYSE-listed issue, falling ¼ to 30 3/4. Santa Fe Southern Pacific followed, advancing 3/4 to 53. Hanley Group said it was seeking to increase its stake in Santa Fe to 25 percent. Pan Am was third, slipping ¼ to 4 1/4. Among blue chips, IBM fell 2 to 162 3/4. General Motors eased 1/4 to 83 1/4. General Electric slipped 3/4 to 55 and USX fell 1/4 to 36 3/4. Merck slid 1/4 to 179 3/4. DuPont lost 1/4 to 124 1/2. Bethlehem Steel slid 1/4 to 17 1/2. American Express climbed 1 1/2 to 33 1/2. It reported a second-quarter loss of \$47.9 million, down from year-earlier net income of \$358.9 million. Chrysler rose 1/4 to 38 1/2. It reported better-than-expected second-quarter earnings. Ford slipped 3/4 to 106 1/4 and General Motors eased 1/4 to 83 1/4.

Main body of stock market data including NYSE Most Active, NYSE Index, and various market indices. Columns include company names, volume, high, low, last price, and change.



MADISON AVENUE

Y&R Forms 3-Way Venture With Japan, Paris Partners

By PHILIP H. DOUGHERTY

NEW YORK — Young & Rubicam's two joint ventures with foreign agencies have been merged to form a three-way venture whose other partners are Dentus of Japan, the world's largest agency, and Paris-based Eurocom, the largest agency on the Continent. Y&R is America's No. 1.

The result is HDM, with more than \$1 billion in billings and 41 offices in 14 countries. The partners say they believe that makes it the world's 17th-largest agency.

The two agencies that merged were DYR, which was formed in 1981 with Dentus and had been serving as Y&R's arm in Asia, and HCM, which resulted from the merger of Marsteller, a Y&R subsidiary, with Havas Conseil, a Eurocom unit.

Tim Pollak, 41, the former head of DYR, will be president and chief executive of HDM. Robert Schmetzer, who headed HCM, will be a consultant to the company while, he said, he is "looking at entrepreneurial possibilities."

The other chief officers of HDM are Alain de Poutzillac, chairman and former head of HCM, Europe, and Shinzo Ueno, who will continue as executive vice president and area director in Southeast Asia.

In the United States, Eurocom and Dentus will be majority owners; in Europe, Eurocom will be majority owner, and in Asia, Young & Rubicam and Dentus will hold the lion's share.

The companies said that DYR had grown to \$347 million in billings in 1984, from less than \$100 million when it was founded, while HCM has gone to \$720 million, from around \$500 million.

In another merger, Ted Bates Worldwide and Backer & Spielvogel, both subsidiaries of Saatchi & Saatchi Co. of London, have joined forces. Carl Spielvogel, 58, chairman and chief executive of the company bearing his name, will carry the same titles at Backer Spielvogel Bates Worldwide. Donald M. Backer, 53, former chairman and chief executive of Bates, will become president and chief operating officer. William M. Backer, 60, will go from president of Backer & Spielvogel to vice chairman and executive creative director of the new firm.

The merged firm will be made up of two operating companies, Backer Spielvogel Bates in the United States and Ted Bates International overseas. It will have 104 offices in 46 countries and \$2.7 billion in billings, and will be one of two worldwide Saatchi networks, the other being Saatchi & Saatchi Advertising Worldwide, created last month by the merger of Saatchi & Saatchi Compton and DFS Dorland Worldwide. The Saatchi & Saatchi parent is the world's biggest advertising holding company.

David M. Smick, 33, and Richard H. Medley, 35, partners in Smick & Medley & Associates, Washington-based economic consultants, are now additionally co-publishers of The International Economy magazine, which will be published six times a year. It will be what they consider to be a much needed "written forum for the international policy debate."

The first issue will be hand-delivered to delegates at the International Monetary Fund and World Bank meeting in Washington scheduled for Sept. 27 to Oct. 3, and mailed to others. Circulation is expected to be 25,000.

People

- Thomas E. Beach has been promoted to senior vice president, McCann-Erickson.
George P. Zuckerman and Walter C. Lane were elected senior vice presidents of N.W. Ayer Inc.
Peter de Vaux has been promoted to senior vice president chief financial officer of ChiatDay.
Nina Palmer has been elected an executive vice president of Doremus Porter Novelli.

Currency Rates

Table with columns for City, Bid, Ask, and other currency rates for various locations like Amsterdam, Frankfurt, London, etc.

Table with columns for Currency per U.S., Currency per U.S., and other exchange rates for various currencies like Australian, Canadian, etc.

Interest Rates

Table with columns for Eurocurrency Deposits, 1 month, 3 months, 6 months, 1 year, and other interest rates.

Table with columns for Key Money Rates, 1 month, 3 months, 6 months, 1 year, and other money rates.

Table with columns for U.S. Money Market Funds, 1 month, 3 months, 6 months, 1 year, and other fund rates.

Table with columns for Gold, A.M., P.M., and other gold prices for various locations like New York, London, etc.

Breakup Of BCal Sought

Air Europe Wants Routes

International Herald Tribune

LONDON — Air Europe, which claims to be Britain's fastest-growing carrier, said Tuesday that it plans to bid for the short-haul European and domestic operations of British Caledonian Airways, the proposed merger partner of British Airways.

Air Europe's statement came amid indications that a free-for-all could develop as rivals try to carve up British Caledonian routes. British Airways and British Caledonian, which announced their surprise £237 (\$377 million) proposal last Thursday, reacted coolly to Air Europe's plan. "We hope to merge with the entire airline," a British Airways spokesman said.

Air Europe said that any offer it made would include British Caledonian's routes, aircraft, facilities and staff from the hub at Gatwick Airport, and it would pay a premium above asset value equivalent to that British Airways has offered for the entire company.

Analysts estimated that the bid would be around £50 million. Air Europe's managing director, Peter Smith, said his airline had sent letters to the other airlines requesting sufficient financial information to make an offer.

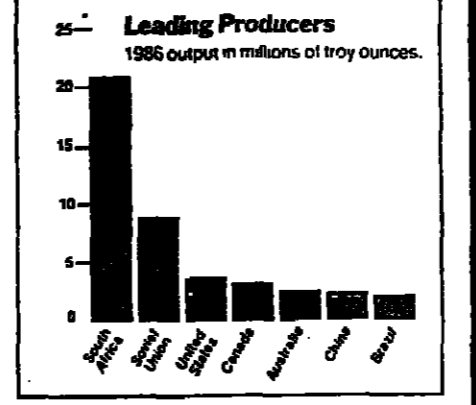
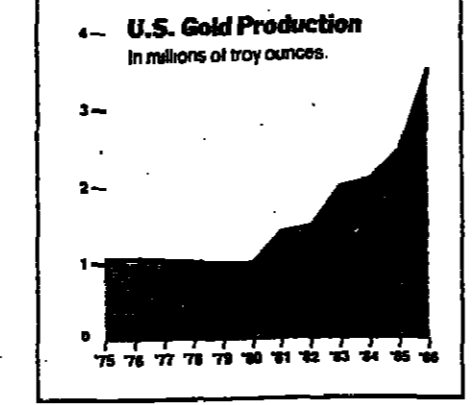
He said that if the bid were accepted, Air Europe would drop its opposition to the BA-British Caledonian merger, which had been based on anti-competitive grounds. British Airways is already the world's largest airline on intercontinental routes, according to the International Air Transport Association, and is third in the trans-Atlantic market, analysts said.

The merger, if it is approved, would give BA from 84 to 100 percent of the traffic on British carriers between London and the cities of Amsterdam, Brussels, Copenhagen, Frankfurt, Geneva, Munich, Paris and Zurich, according to Air Europe.

"The division of British Caledonian prior to acquisition by BA is absolutely essential if we are to See AIR, Page 11

A Gold Boom in the Making

Production in the United States has surged, thanks to new technology, rising prices and buyers' disenchantment with South Africa, the world's No. 1 producer.



Gold Boom Tempts Giants to Give Up

Low-Cost Rivals, Dizzying Output Threaten Prices

By Jonathan P. Hicks

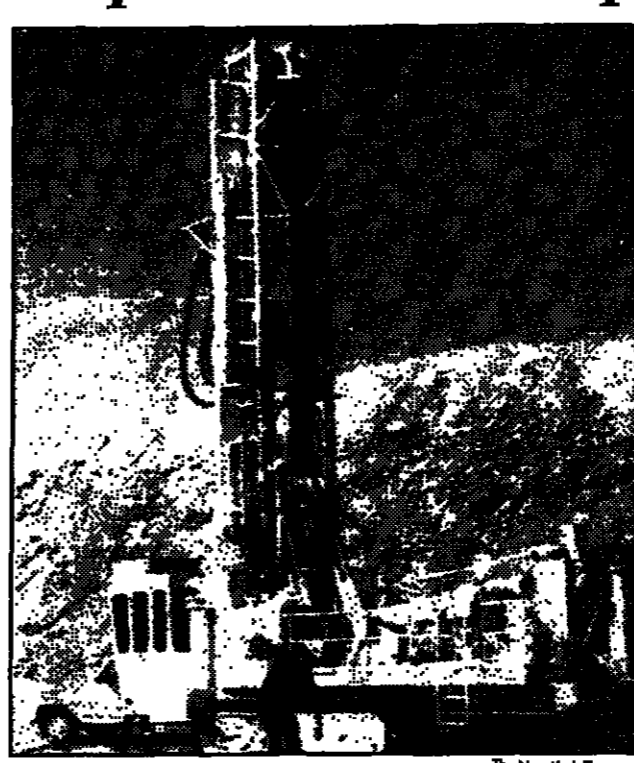
NEW YORK — It is hard to find an executive in the gold mining business in North America who does not believe that "life right now is too good to be true." But what they mean by that depends on whether they think the current gold boom is sowing the seeds of the next bust.

William W. Reid, for example, chairman of Silver State Mining Corp., could not be more ebullient. And why shouldn't he be? His small company's stock is selling for 40 times earnings, an unusually high level.

His company's two gold mines in the mountains of Nevada will produce twice as much gold this year as last. And with gold selling for \$440 an ounce, compared with about \$280 three years ago, he is planning to open a third mine next year.

As strange as it may sound, those are the same reasons why executives at such big gold producers as Amstar Inc. and Standard Oil Co. think it is high time to bail out of the business.

Amstar, the large Connecticut-based mining company, is awaiting approval from the Securities and Exchange Commission to spin off its gold mining subsid-



A drill rig at a Consolidated Gold Fields mine in the California desert that began producing gold last year.

ary. And Standard Oil officials have made it known that they are open to offers for their Kennecott mining subsidiary, whose Bingham Canyon copper mine in Utah is also one of the biggest U.S. producers of gold.

Even though gold prices are still far below their record high of \$875 an ounce in 1980, executives of these companies, and some others on Wall Street, See GOLD, Page 13

BP, U.K. Agree On £1.5 Billion Share Offering

By Nina Marin

LONDON — British Petroleum Co. PLC, heavily in debt from its purchase of Standard Oil Co. this spring, said Tuesday that it will raise about £1.5 billion (\$2.4 billion) in an unusual share issue timed to coincide with the sale of the government's remaining BP stake.

Under the agreement, BP would sell the new shares to the government this fall, which would immediately resell them to the public along with its present 31.7 percent stake in BP.

The amount of stock issued would depend upon the per-share price set by the government, but would probably be near the current share price of around 400 pence. At that price, the government's stake in BP would rise to about 38.5 percent, and the public offer would raise about £2.5 billion, more than any other stock sell-off or privatization thus far.

BP closed Tuesday on the London Stock Exchange at 395 pence, down 7. Analysts praised the agreement as an "elegant" and "clever" — but complicated — solution to challenges faced by BP and its largest shareholder as they try to coordinate the oil giant's business needs with government policy and politics.

It also creates a new role for the British government, from that of a seller of public companies to that of an arranger or broker.

To finance its \$7.6 billion purchase in April of the 45 percent of Sohio it did not already own, BP borrowed £5 billion, raising its debt-to-equity ratio to about 50 from the low 30s, executives said.

The Sohio purchase came soon after the Conservative government's announcement that it would dispose of its remaining BP holdings of about 1.74 billion common shares.

BP officials said Tuesday that the company and its major institutional stockholders were uncomfortable with the high level of debt, but unwilling to reduce it by cut-

ting capital investment or by stripping Sohio of some assets. The agreement is in the best interests of BP and the government, said David Simon, the managing director, adding that a separate BP rights issue "would have spoiled some of the market's appetite ahead of their sale."

Mr. Simon said that BP so far had managed to trim its debt from the Sohio purchase by about £1.5 billion. He said the new issue would reduce BP's debt-equity ratio to between 32 and 35.

BP's current shareholders will be given entitlements to receive the newly issued shares along with the government's shares on a prorated basis.

BP officials refused to talk about how the new shares would be priced and analysts speculated that the government might be getting the shares for less than it will sell them. BP said that under the arrangement it would not have to pay any underwriting fees.

Analysts said that the arrangement will also give BP a large nest egg with which to mount an aggressive program of acquisitions, challenging other strong competitors such as Exxon Corp. and Royal Dutch/Shell Group.

One of the main purposes of the Sohio purchase was to press ahead with expansion in North America, where BP has a heavy stake in Alaska's North Slope.

"BP is placing themselves well for acquisitions," said Peter Nicol, oil analyst with Smith New Court Agency. "Today's news is not the last significant development that we'll see for BP."

In a separate announcement, BP said Tuesday that it will restructure its U.S. interests under seven divisions.

The divisions would be combined with BP's existing interests in the United States under a holding company, BP America Inc., based in Cleveland. Sohio's former headquarters.

With the merger, BP's assets in the United States total about \$23 billion, making BP America by far the group's biggest international subsidiary.

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is a single, fundamental principle: the protection of depositors' funds. It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that

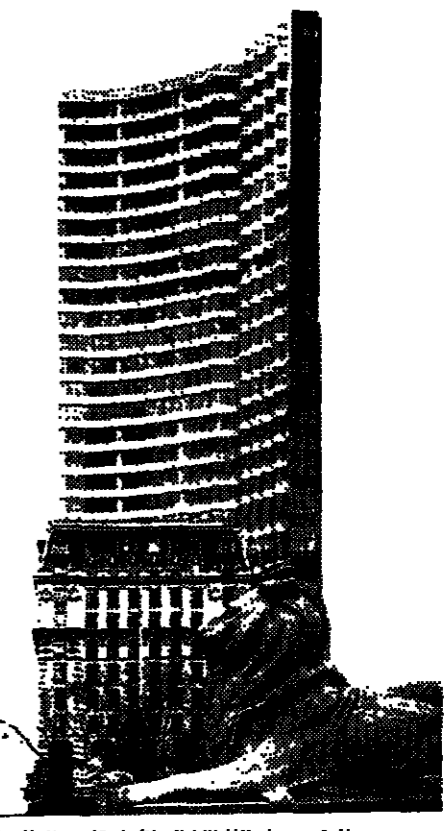


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AIRES • SANTIAGO • MONTEVIDEO • CARACAS • MEXICO
CITY • PUNTA DEL ESTE • RIO DE JANEIRO • SAO PAULO

Table with columns for FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion, SHAREHOLDERS' EQUITY: US \$ 1.6 billion

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. P/E 25 High Low Close Chg.

(Continued)

Table listing various stocks such as Alcoa, Amgen, and Amstar with their respective prices and changes.

Company Results

Revenue and profits in millions, in local currencies unless otherwise indicated.

Table showing financial results for various companies like Alcoa, Amgen, Amstar, and others, including revenue and profit data.

Table listing various international stocks with their prices and changes.

12 Month High Low Stock Div. Yld. P/E 25 High Low Close Chg.

Table listing various international stocks such as ABB, Alcatel, and Asea.

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U.S. Futures

Via The Associated Press

July 21

Second Session High Low Open High Low Close Chg.

Table listing various U.S. futures contracts including grains, oil, and metals.

Food

Open High Low Close Chg.

Table listing various food commodities like coffee and sugar.

Metals

Open High Low Close Chg.

Table listing various metal commodities like copper and aluminum.

Stock Indexes

SP COMP. INDEX (DOW)

Table showing stock index data including SP COMP. INDEX and NYSE COMP. INDEX.

Commodity Indexes

Moody's Commodity Index

Table showing commodity index data for various groups of commodities.

Market Guide

Market activity and commentary.

Detailed market commentary text.

London Metals

July 21

Table listing London metal prices for various metals.

Dividends

July 21

Table listing dividend payments for various companies.

Spot Commodities

July 21

Table listing spot commodity prices for various goods.

DM Futures Options

DM Futures Options Data

Table listing DM futures options contracts.

S&P 100 Index Options

S&P 100 Index Options Data

Table listing S&P 100 index option contracts.

U.S. Treasuries

U.S. Treasury Bonds

Table listing U.S. Treasury bond yields and prices.

London Commodities

London Commodity Prices

Table listing London commodity prices for various goods.

Paris Commodities

Paris Commodity Prices

Table listing Paris commodity prices for various goods.

DM Futures Options

DM Futures Options Data

Table listing DM futures options contracts.

S&P 100 Index Options

S&P 100 Index Options Data

Table listing S&P 100 index option contracts.

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London Commodity Prices

Table listing London commodity prices for various goods.

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Babcock Agrees to Takeover by FKI

LONDON — FKI Electricals PLC, a specialist electrical engineering company, said Tuesday that it had agreed to take over Babcock International PLC, an engineering and contracting group valued at \$464 million, or about \$740 million.

MBB Blames Falling Dollar For First Loss in 10 Years

MUNICH — West Germany's largest aerospace group, Messerschmitt-Bölkow-Blohm GmbH, posted a group net loss of 104 million Deutsche marks (currently \$55.85 million) in 1986, its first loss in 10 years, the managing board chairman, Hanns Arnt Vogels, said Tuesday.

That loss compares with a 1985 profit of 109 million DM. Mr. Vogels said the loss was caused by the fall in the U.S. dollar.

BUSINESS PEOPLE

Lorenzo Ousts Continental Air's CEO

By Arthur Hibbe International Herald Tribune Thomas G. Plaskett, president and chief executive officer of Continental Airlines, has resigned and Frank A. Lorenzo, Texas Air Corp.'s chairman, has been named to succeed him, Texas Air announced Tuesday.

Texas Air has controlled Continental since 1981. Mr. Plaskett joined Continental last November after working 12 years for American Airlines, based in Dallas.

Tyndall Holdings Offers \$214 Million for Clayton

LONDON — Tyndall Holdings PLC, a British investment management company, said Tuesday it had made a £214 million (\$342 million) cash offer for Clayton Robard, an Australian financial services group.

It said Clayton Robard's board welcomed the offer. The offer would mean issuing £31.8 million in Tyndall shares to institutions in exchange for Clayton Robard shares, Tyndall said.

This would give Tyndall a 17.6 percent stake in Clayton Robard in addition to the 2.3 percent stake it already owns. There would also be a £142.7 million rights issue and bank loans of £53.3 million to acquire the remaining shares.

NEW YORK — Citicorp, the largest U.S. banking group, reported Tuesday a net loss of \$2.59 billion for the second quarter of 1987, which included a previously announced addition of \$3 billion to loan losses to cover troubled Third World loans.

New Zealand Firm Bids For Standard Brands

NEW YORK — Entregrowth International Ltd., which is 46.6 percent owned by Chase Corp. of New Zealand, has proposed to acquire Standard Brands Paint Co., based in California, for about \$308 million, Entregrowth said Tuesday.

The Entregrowth chairman, Seng Giew, said the offer consisted of \$21 cash and \$7 in notes, a total of \$28, for each Standard Brands share. Standard Brands stock rose \$7.5 cents to \$29.50 Tuesday on the New York Stock Exchange.

Chairman but is not involved in day-to-day management. ASEA AB, the Swedish diversified industrial group, has appointed Svein Torgersbraten as general manager of its regional office in Dubai, United Arab Emirates, succeeding John Gaskell, who is leaving the group. Mr. Torgersbraten, 42, had been general manager of the ASEA branch office in Baghdad. He is being replaced there by Gustaf Dagbjornsen, 44, currently an ASEA regional manager in eastern Saudi Arabia.

Mr. Blotnick said his last three books were based on a study of 5,000 to 10,000 people over a 29-year period. Experts said tracking so many people would require a huge staff. Barbara Gutik, a psychologist in the Claremont, California, site of the work would be "in the millions."

Hongkong & Shanghai Banking Corp. said the chairman of Marine Midland Bank Inc., John Petty and the president, Geoffrey Thompson, had resigned from Hongkong & Shanghai's board. The statement said the two made the move to avoid possible conflict

Chrysler's Profit Fell 12.2% in 2d Quarter

HIGHLAND PARK, Michigan — Chrysler Corp. said Tuesday its second-quarter profit fell by 12.2 percent from the year-earlier period, when it had a big one-time gain from the sale of its interests in the French automaker Peugeot SA.

Chrysler, the third-largest U.S. automaker, said the quarter's profit was \$428.7 million, or \$2 a share, on sales of \$6.4 billion.

In the second quarter of 1986, it posted a profit of \$483.2 million, or \$2.19 per share, on sales of \$5.7 billion.

Chrysler noted that the period included a one-time after-tax gain of \$131.9 million from the sale of its 14 percent equity stake in Peugeot. Excluding the gain, its second-quarter 1986 profit was \$356.3 million, or \$1.60 per share.

Chrysler said that without that gain, it would have earned \$88.4 million in the quarter. Common equity fell to 2.68 percent of total assets at the end of the quarter from 4 percent a year earlier as a result of the increase in its reserves, Citicorp said.

NEW YORK — American Express Co. on Tuesday posted a net loss of \$47.9 million, or 12 cents per share, for the second quarter, compared to a profit of \$358.9 million, or 79 cents per share, a year earlier.

It said the loss reflected a previously announced after-tax charge of \$520 million against the earnings of American Express Bank Ltd., resulting from a \$600 million addition to the bank's reserves for loans to developing countries.

Citicorp, Other Banks Post Losses, Citing Third World Loans

Citicorp increased capital in the first six months by issuing \$288 million in capital notes and \$225 million in preferred stock and by raising net long-term debt by \$225 million.

NEW YORK — Manufacturers Hanover Corp. reported Tuesday a net loss of \$1.37 billion, or \$32.96 a share, in the second quarter, against a profit of \$93.87 million, or \$1.99 a share, a year earlier.

In June, Manufacturers said it was adding \$1.7 billion to its reserve for potential Third World loan losses.

NEW YORK — Wharf (Holdings) Ltd. has benefited from the booming Hong Kong property market and will probably show a 25 percent or more increase in profit for the year ended March 31, stock analysts said.

They said the company is likely to report net earnings of more than \$80 million Hong Kong dollars (\$112.8 million) on Thursday, against 706.9 million dollars in the previous year.

Wharf announced in May that the final dividend for the period would be substituted by a 10-for-100 free scrip issue of Hongkong Realty & Trust Co., equivalent to a payout of 63.6 cents per share against 20.9 cents in 1985-86.

Larry Tam, director of Sun Hung Kai Research Ltd., said investment properties remained the main source of earnings. "It has enjoyed a rental revision with an average increase of over 20 percent," he added.

Most of the group's property portfolio is centered on Hong Kong's Tsimshatsui waterfront district where the occupancy rate is almost 100 percent, said Anthony Toth of County NatWest Securities Asia Ltd.

He estimated that Wharf would have received about 600 million dollars in rental income for the past financial year with increases continuing in the current year.

Analysts said Wharf would report an increase in extraordinary income together with a decline in contributions from the Wheelock Marden & Co. group because of further reorganization of its holdings in Wheelock units.

They said the firm improved its balance sheet by these transactions, resulting in a debt-free net position with cash on hand of about 2 billion dollars.

Standard Chartered to Divest United Press International LONDON — Standard Chartered PLC said Tuesday it was seeking a buyer for its 39 percent stake in Stanbic, its South African holding. The sale could bring over \$100 million (\$162 million); a likely buyer would be Liberty Life, the South African insurance group.

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Riding Hong Kong Boom, Wharf Profit Seen on Rise

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Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table with multiple columns for various companies (Canaan, Anchor Glass, etc.) showing revenue, profit, and share price for different periods.

(Other Earnings on Page 10)

Floating-Rate Notes

Table listing floating rate notes with columns for currency (Dollars, Pounds Sterling, Deutsche Marks, Japanese Yen, E.C.U.), issuer, and bid/ask prices.

Pounds Sterling

Table listing Pounds Sterling floating rate notes with columns for issuer, bid/ask prices, and coupon rates.

Deutsche Marks

Table listing Deutsche Marks floating rate notes with columns for issuer, bid/ask prices, and coupon rates.

Japanese Yen

Table listing Japanese Yen floating rate notes with columns for issuer, bid/ask prices, and coupon rates.

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Japanese Yen

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E.C.U.

Table listing E.C.U. floating rate notes with columns for issuer, bid/ask prices, and coupon rates.

Asia Pacific Growth Fund

Weekly net asset value on 17-7-1987 U.S. \$4.75 Listed on the Amsterdam Stock Exchange

AVIS RECTIFICATIE PARSUISSE

Fonds de placement en actions suisses Direction: BANQUE PARIBAS (SUISSE) S.A., GENEVE. Paiement du coupon

Repartition des revenus du premier exercice (1er avril 1986 - 31 mars 1987) dès le 16 juillet 1987, contre remise du coupon n° 1: aux porteurs de parts domiciliés en Suisse

PROTECTED OFF SHORE INVESTMENT offers high tax free return on capital invested with Swiss bank. Banking absolute discretion. Write to: Chiffre 22-115,664, PUBLICITAS, 1002 Lausanne.

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Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High/Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close
10 1/2 - 10 3/4	AT&T	4.2 13 13	32 1/2	32 1/4	32 1/4	32 1/4
10 1/4 - 10 3/4	AT&T	4.2 13 13	32 1/2	32 1/4	32 1/4	32 1/4
10 1/4 - 10 3/4	AT&T	4.2 13 13	32 1/2	32 1/4	32 1/4	32 1/4

12 Month High/Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close
10 1/4 - 10 3/4	AT&T	4.2 13 13	32 1/2	32 1/4	32 1/4	32 1/4
10 1/4 - 10 3/4	AT&T	4.2 13 13	32 1/2	32 1/4	32 1/4	32 1/4

ADVERTISEMENT

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 21st July 1987

Not asset value quotations are supplied by the Funds listed with the exception of some stocks based on issue price. The marginal symbols indicate frequency of quotations supplied: (a) - daily; (b) - weekly; (c) - monthly; (d) - quarterly; (e) - irregularly.

AL-MAL GROUP	INTERNATIONAL INCOME FUND	G.T. MANAGEMENT (UK) LTD.	Starling Bond Selection
(a) Al-Mal Tr. S.A. \$ 144.00	(c) Short Term Bond \$ 1.82	(c) G.T. Asian Mkt. Growth \$ 1.32	(a) Starling Foreign Bond Sel \$ 111.64
(b) Al-Mal Tr. S.A. \$ 144.00	(d) Short Term Bond \$ 1.82	(d) G.T. Asian Mkt. Growth \$ 1.32	(b) Starling Foreign Bond Sel \$ 111.64

12 Month High/Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close
10 1/4 - 10 3/4	AT&T	4.2 13 13	32 1/2	32 1/4	32 1/4	32 1/4

AVIS AUX PARTICIPANTS DE OBLI-DM
CONVOCAZIONE A L'ASSEMBLEA GENERALE EXTRAORDINARIA

Les participants de OBLI-DM sont priés d'assister à l'Assemblée Générale extraordinaire qui se tiendra le jeudi 20 juillet 1987 à 15 heures 30 min de décoller dans le cadre de l'article 36.2 de la loi luxembourgeoise sur les organismes de placement collectif, sur l'ordre du jour suivant:

- 1) Transformation du fonds commun de placement OBLI-DM en société d'investissement à capital variable tel que ce régime est fixé par le chapitre II de la loi du 25 août 1983 relative aux organismes de placement collectif, par rapport de tous les actifs et toutes les obligations du fonds commun de placement OBLI-DM à la société d'investissement à capital variable qui prendra la dénomination "OBLI-DM".
- 2) Adoption des statuts de la société d'investissement à capital variable "OBLI-DM".
- 3) Emission des actions de la société d'investissement à capital variable OBLI-DM à raison d'une action à 100 francs et qui distribue les dividendes en B qui capitalise les dividendes de la SICAV, un choix de l'actionnaire pour chaque part de fonds commun de placement OBLI-DM, et fixation des modalités d'échange des certificats.
- 4) Désignation des membres du conseil d'administration et du commissaire aux comptes et expert indépendant.

Votre attention est attirée sur le fait que l'Assemblée générale dans le cadre de l'article 36.2 de la loi du 25 août 1983 peut valablement délibérer quelque soit le quorum réuni. Ces différents points de l'ordre du jour devront être approuvés par les deux tiers au moins des participants présents ou représentés de OBLI-DM dans l'impossibilité de participer en personne sont priés de se faire représenter en déposant leurs titres auprès d'un certificat bancaire et en adressant leur procuration accompagnée d'un certificat de blocage de leurs titres au siège social de la société de gestion pour au plus tard le 23 juillet 1987.

Les formulaires de procuration sont disponibles au siège de la société et auprès de:

- Banque Paribas (Luxembourg) S.A., 10A boulevard Royal, LUXEMBOURG;
- Banque Paribas S.A. - 2 place de Hollande, GENÈVE;
- Banque Paribas, 8 rue d'Anst, PARIS.

Des convocations et formulaires de procuration ont été envoyés à tous les actionnaires nominatifs inscrits au 9 juillet 1987.

Pour le Conseil d'Administration, J. Pierson
Directeur Général

Schlumberger
announces appointment of Roland Ceas

New York, N.Y., July 16, 1987 - The Board of Directors of Schlumberger, upon the recommendation of Evan Baird, chairman, has elected Evan Baird to the position of Chairman of the Board. Evan Baird declared that "Roland Ceas in his new position will ensure that the oilfield services, a vital sector for Schlumberger, receives the direction it needs during a critical and changing industry environment."

Roland Ceas, 60, joined Schlumberger in 1959 as a wireline field engineer. After working in different management positions in the oilfield services, in 1976 he was put in charge of Schlumberger operations. That same year, he was also elected to the Board of Directors. In 1982, he was elected chairman of the Executive Committee.

Mr. Ceas is an engineering graduate of the Ecole des Arts-et-Métiers in France.

AMSTERDAM DEPOSITORY COMPANY N.V.
Amsterdam, 12th July 1987.

SUNTOMO HEAVY INDUSTRIES LTD (OH)

The company has decided to terminate the deposit agreement. Holders of OBLI-Suntomo Heavy Industries Ltd are requested to deliver their OBLI-Suntomo to the office of the undersigned and to give instructions for the transfer of the underlying shares in a custodian in Japan.

The withdrawal charges of A.D.C. are for account of the company, but the costs of deposit of the shares with the custodian are to be borne by the OBLI-holders. The undersigned is prepared to act as intermediary for the sale of shares to the company, if the number of shares represented by OBLI of one holder is less than 1,000 shares.

AMSTERDAM DEPOSITORY COMPANY N.V.
Amsterdam, 12th July 1987.

INGERSOLL-RAND COMPANY (COR)

The undersigned announced that on 24th July 1987 at Kase-Associates N.V., Spilstraat 172, Amsterdam, the deposit agreement between the company and Kase-Associates N.V. will terminate. The OBLI-holders will be entitled to receive their shares in the company with Dfls. 5.52 net (gross Dfls. 5.875 - Dfls. 0.355 net (gross Dfls. 6.23) after deduction of 15% USA tax - Dfls. 0.50 net (gross Dfls. 6.735) after deduction of 15% USA tax - Dfls. 0.50 net (gross Dfls. 7.235) after deduction of 15% USA tax - Dfls. 0.50 net (gross Dfls. 7.735) after deduction of 15% USA tax.

AMSTERDAM DEPOSITORY COMPANY N.V.
Amsterdam, 12th July 1987.

CURRENCY MARKETS

Dollar Edges Down Ahead of Reports

NEW YORK — The dollar closed slightly lower Tuesday in relatively quiet trading ahead of two key economic reports.

It was pressured late in the day by a rumor of a worse-than-expected report on retail inflation.

The dollar closed in New York at 1.835 Deutsche marks, down from 1.830 Monday; at 151.75 yen, down from 152.75; at 1.5425 Swiss francs, down from 1.5485; and at 6.1825 French francs, down from 6.1975.

It was also lower against the pound, which closed at \$1.6025, against \$1.5985 Monday.

Late in the day, there was a rumor in the bond market that the consumer price index was going to be up 0.5 percent in June, said Joseph Volpicella, executive vice president of Spavo Financial Corp., a New York-based currency-trading firm.

"That would definitely be inflationary and something the market fears the most," he said.

Mr. Volpicella was referring to the scheduled release Wednesday of the June consumer price index.

Market forecasters have been projecting a 0.3 percent to 0.4 percent rise in the index, which is to be released Wednesday.

Table titled 'London Dollar Rates' showing exchange rates for various currencies like Deutsche mark, Pound sterling, Swiss franc, French franc, and Japanese yen.

But in London, the dollar closed at 1.8645 DM, up from 1.8617 Monday; at 1.5470 Swiss francs, down from 1.5500; and at 6.2025 French francs, up from 6.1950. It was unchanged against the yen at 152.75.

The dollar was higher against the pound, which closed at \$1.5960, against \$1.6025 on Monday.

"There were no great surprises but it all helped, particularly Volcker's saying trade was encouraging," said a dealer with a U.S. bank.

The dollar had earlier been drifting up in a continuation of Monday's rise, which took it to four-month highs in Europe against major currencies.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8596 DM, down from 1.8617 Monday; and in Paris at 6.1890 French francs, down from 6.1925.

In Zurich, the dollar closed at 1.5445 Swiss francs, down from 1.5505.

GOLD: As Supply Soars and Low-Cost Miners Multiply, the Giants Consider Bailing Out

question how much longer the good times can last.

The price/earnings ratios of gold stocks have been awesome in recent months, with some reaching as high as 70 times earnings.

Michael Chender, president of Metals Economics Group, a metals consulting and publishing concern based in Boulder, Colorado, said, "Gold stocks have been so high, relative to diversified mining companies, that every mining company in the United States has either been spinning off its gold assets or at least seriously considering it."

Undoubtedly one reason why some analysts and investors are nervous is that the memories do not fade quickly, and the low prices that ravaged the industry just three years ago are hardly ancient history.

But there is more to their skittishness than that. Some technological advances in the last few years have dramatically reduced the cost of producing gold.

And those advances, in turn, have given rise to a new crop of low-cost mining companies, including Silver State, which are scrambling to rapidly expand their production in North America and Australia.

But with these companies, and so many others elsewhere, significantly increasing their output, the world could soon be awash in gold, and prices could tumble, some industry officials and analysts say.

"Because supply is growing so fast, there are now some questions as to whether it can be absorbed," said Richard W. Stumbo, chief financial officer of Homestake Mining Co. of San Francisco, a big gold producer. "I don't think anyone knows yet what the impact will be."

Gold, the investor's security blanket, admittedly is not just any commodity. Its price is far more affected by investor fears of inflation, or war, than the price of any other commodity.

Even so, gold is subject to the laws of supply and demand like any other commodity, many in the gold industry argue. Right now, they add, supply is threatening to outstrip demand.

Nor do those in the industry take solace in the fact that the gold output of South Africa, the world's largest producer, has dropped by 10 percent since 1984 and is at its lowest level since 1959.

Australia, Relying on Boom, Dips Into Low-Grade Pits

By Michael Richardson International Herald Tribune

KALGOORLIE, Australia — Machines gouging gold ore from the Gimlet South pit here, 165 feet (50 meters) below an arid plain dotted with gum trees, have exposed the narrow shafts of an old mine worked by men with picks and shovels in the early 1900s.

Those men were tracking rich veins at the height of Australia's last gold rush. Today, big dump trucks remove the ochre-colored ore from South Gimlet at a rate of 5,500 metric tons a week.

The pit, 40 miles (65 kilometers) from Kalgoorlie in Western Australia, is one of several in the Ora Banda gold project operated by Broken Hill Pty., the big Australian minerals, oil and steel company.

Ora Banda is typical of dozens of open-cut Australian mines that have been brought back into production since 1980 to exploit low-grade reserves of ore in and around old diggings.

Most of the high-grade deposits in those pits were mined in the gold rushes of the 1850s and early 1900s, when Australia was briefly the largest gold producer in the world.

Ian Story, a director at the stockbrokerage firm BZW Meares Ltd. in Sydney, said that Australia was in the midst of a third gold rush, the result of new cost-effective mining methods and some major new gold finds in the past six years.

Another impetus is the recovery of world gold prices in U.S. dollar terms and a decline in the value of the Australian dollar against the U.S. currency.

James D. Shaw, the manager of the South Gimlet pit, said that it cost less than 6 million Australian dollars (\$4.2 million) to bring the mine back into operation in 1985.

The Ora Banda project produced 27,000 ounces of gold in the year ended in May, Mr. Shaw said. In the current year, managers hope to extract 46,000 ounces of gold from 600,000 metric tons of ore.

Mr. Shaw estimated the cost of production at about 350 Australian dollars per ounce of gold, compared to a current market price of 625 Australian dollars.

The surge in activity has lifted Australia's annual gold output from 18 metric tons in 1980 to 75 tons in 1986. In the same period, the number of producing mines climbed from about a dozen to more than 75. Foreign companies control about 20 percent of the Australian output.

George Milling-Stanley, author of Gold 1987, an annual survey of the world gold industry by Consolidated Gold Fields PLC, predicted that Australian production would rise to more than 100 tons this year.

He ranked Australia as the fourth-largest gold producer in the non-Communist world in 1986, behind South Africa with 640 tons, the United States with 108 tons and Canada, with just over 107 tons.

But according to Howard G. Walker, a precious metals analyst with the stockbrokers J.B. Weir & Son in Melbourne, international investors remain skeptical about the Australian gold boom, comparing it with speculative fever over purported nickel discoveries around Kambalda, south of Kalgoorlie, in the early 1970s.

When that bubble burst, many stockholders lost large amounts of money.

But John Quinn, executive director of Newmont Australia Ltd., noted that the 1970s nickel boom was based on an announcement of discoveries. By contrast, he said, the gold boom is founded on producing mines with proven reserves.

The upsurge has had a major impact on Australia's economy and financial markets. Gold is assuming a larger share of the exports Australia must sell abroad to reduce the chronic deficit in its balance of payments and to service foreign debt.

In 1986, gold was Australia's 10th-largest export, with the value of overseas sales increasing by 41 percent to \$411 million dollars.

Australian stock exchanges have seen about 350 new listings and floods by gold exploration companies in the past several years, Mr. Walker said, bringing the number of explorers listed to about 400.

He estimated that about 10 percent would find gold in commercial quantities and that a few would have spectacular success. "The rest will go broke, merge or be taken over by bigger concerns."

GREENSPAN: Fed Nominee Vows Independence

(Continued from Page 1) huge trade deficit was on the verge of a major turning point that would bring about a significant decline without a further fall in the dollar.

Exchange rates, he said, "have run into an area of stability, with little evidence of a significant change."

Mr. Greenspan, who just a few months ago had indicated he thought the dollar should drop to a level of 120 to 130 yen to encourage a reduction in the trade deficit, said Tuesday, "I hope we don't get down there, and I don't see why we will."

The dollar currently is trading at a little above 150 yen.

In an exchange with Senator William Proxmire, the Wisconsin Democrat who heads the Senate Banking Committee, Mr. Greenspan also refused to repeat a prediction he had made as a private

forecaster in March that there would be a recession before 1990.

But he acknowledged "that we know that there is a recession out there some time later. It's not on the horizon now, but our horizon is rarely more than a year."

After three and a half hours of testimony by Mr. Greenspan, Mr. Proxmire predicted that the economist would be "overwhelmingly" confirmed as Fed chairman.

But the senator said that he may decide to vote against him. Mr. Proxmire said Mr. Greenspan had a "bad record" as an economic forecaster.

In testimony that was cautiously devoid of drama, Mr. Volcker couched his warning on inflation Tuesday with a plea to Congress to keep the Fed independent from executive or congressional interference.

"I don't know anything more important than that" to control inflation, he said.

The escalating price increases of the last few months could cause "serious problems" if they become embedded in the economy through increases in wages and in costs, Mr. Volcker said.

Even so, he announced Tuesday that the Fed's policymakers did not change their target ranges for money and credit growth for 1987 because they are satisfied that the increased pressure they placed on bank reserves in April and May had slowed money growth.

That slowing has prompted speculation in the markets that the Fed was easing its money policy, an issue Mr. Volcker appeared to address when he said, "The approach of the Federal Reserve toward the provision of reserves has not changed since May."

Tuesday's OTC Prices. NASDAQ prices as of 4 P.M. New York time. Via The Associated Press.

Table of OTC prices for various stocks, including ABC, AIG, ALC, etc.

Table of stock prices for various companies, including ABC, AIG, ALC, etc.

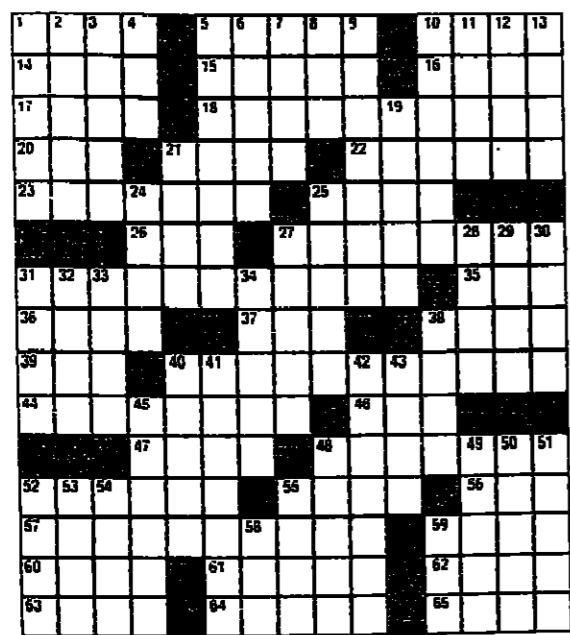
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- ACROSS
1 Isinglass
5 Separate
10 Drop in
11 General
15 Kind of energy
16 Melville novel
17 Spree
18 Boston
20 Make — of it
21 Punch
22 Badgered
23 Wed anew
25 Sly
26 Low digit
27 Republic of
28 Texas symbol
31 Conductor of Chicago
32 Symphony: 1853-83
35 Wrath
36 Fine and dandy
37 Thatch of hair
38 Director
39 Nice friend
40 Chief conductor of Cleveland Orchestra: 1946-70
44 Whapper-snappers
46 Blamish
47 Winglike parts
48 Scarlet bird
52 Thin, light fabrics
55 Porcine sound

DENNIS THE MENACE



'Why didn't I think of that! I coulda brought my mom's ironing board!'

JUMBLE
Unscramble these four jumbles, one letter to each square, to form four ordinary words.
NORPE
IMCAG
SAMKAD
ATEQUE

WEATHER

Table with weather forecasts for Europe, Asia, Africa, Latin America, North America, Middle East, Oceania, and the Mediterranean.

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



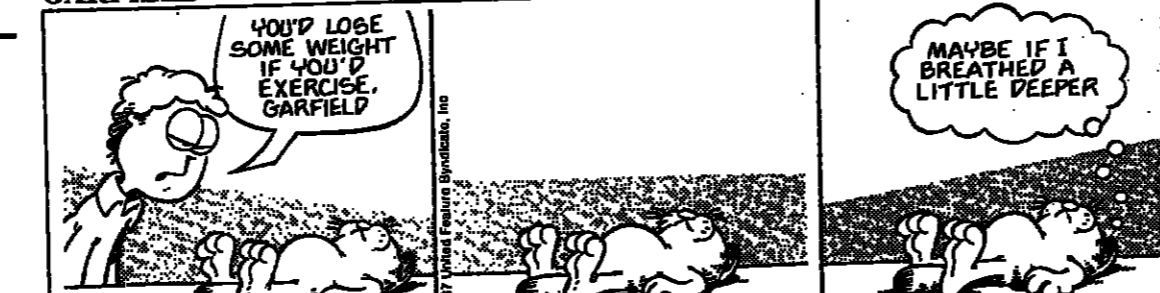
WIZARD OF ID



REX MORGAN



GARFIELD



MUM AND MR. ARMITAGE

By Beryl Bainbridge. 144 pages. \$15.95. McGraw-Hill Book Co., 1221 Avenue of the Americas, New York, N.Y. 10020.

Reviewed by Michiko Kakutani

THE postwar England depicted by Beryl Bainbridge in such quick, pointed novels as 'The Bottle Factory Outing' (1975), 'Injury Time' (1978) and 'A Quiet Life' (1977) is a drab, depressing place where lives are circumscribed and expectations diminished.

Solution to Previous Puzzle

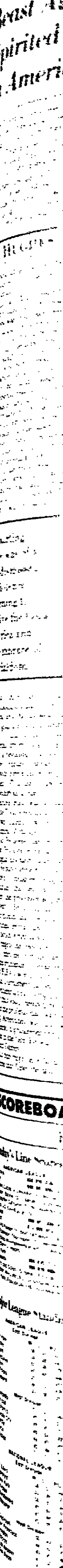
A grid puzzle solution with words like GAMER, AJAR, WHEE, OLIVE, RIFE, YALE, LAMIA, TIGIS, EMMA, DRILL, ESTER, MET, BEREST, WELDER, GLAY, EASY, ITHAD, GIBTERN, CHISELS, SAGRA, ILKA, TALIC, MASSLE, WOODYS, FIESTA, VEER, ART, SCREWDRIVER, RAJA, MALE, EDILE, ETON, EVER, REAED, DEBT, DIBS, YAWED.

BRIDGE

By Alan Truscott. Since a five-club response is the way to show four aces is a spade bid. The expert solution is to make that bid with two aces and a void, and bid at the six-level to show one ace and a specific void.

World Stock Markets
Via Agence France Presse. Closing prices in local currencies, July 21.
Tables for Amsterdam, London, Frankfurt, Zurich, Milan, Madrid, Singapore, Stockholm, Paris, Sao Paulo, Tokyo, and various other markets.

Various financial tables including 'Turkish July 20', 'Canadian stocks via AP', 'Zurich', 'Sao Paulo', 'Tokyo', and 'Mediterranean July 20'.



OBSERVER

A Ship on the Shoulder

By Russell Baker
NEW YORK — The United States is going to refuel oil tankers belonging to Kuwait. This is a boon to Kuwait, which gets the U.S. Navy for its very own, and for Scrabble players, who can now make "reflag," "reflags," "re-flagged," "reflagging" and "reflaggings" without being put out of the game at gunpoint.

Producer Martin Bregman, Movie Juggler

By Stephen Farber
NEW YORK Times Service
LOS ANGELES — These are frustrating days for a movie producer. Hundreds of scripts are put into development by the studios, but nervous executives postpone the start of production as long as possible.



Producer Bregman (left) with Jim Belushi on the set of "Real Men."

September, as well as the long-delayed film of the old radio series "The Shadow," which is scheduled to go before the cameras in November.

PEOPLE

Kennedy Clan Turns Out In Gold Star Mother Feast

The Kennedy clan turned out Monday to open a park in Boston dedicated to Rose Fitzgerald Kennedy, who turns 97 on Wednesday, and other Gold Star mothers. The \$700,000 project features a rose garden within a one-acre park, and a fountain. Mrs. Kennedy's first son, Joseph P. Kennedy Jr., died in a combat mission during World War II. When the Gold Star concept originated to recognize mothers who lost offspring in war.

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